

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

REGULATORY BASIS
FINANCIAL STATEMENTS
For the year ended June 30, 2015

And

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

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Holton, Kansas

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Karlin & Long, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Education
Unified School District No. 336
Holton, Kansas 66436

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 336, Holton, Kansas ("Municipal Financial Reporting Entity") as of and for the year ended June 30, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 336, Holton Kansas (“Municipal Financial Reporting Entity”) to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 336, Holton, Kansas as of June 30, 2015, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

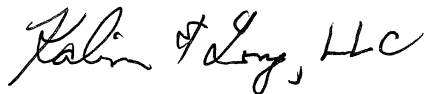
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 336, Holton, Kansas (“Municipality”) as of June 30, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with “Government Auditing Standards”, we have also issued our report dated August 7, 2015, on our consideration of the District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Audit Standards” and should be considered in assessing the results of our audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinion on the 2015 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2015 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required but U.S Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations" and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 basic financial statement. The 2015 information has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2015 basic financial statement or to the 2015 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2015 basic financial statement as a whole, on the basis of accounting described in Note 1.



Karlin & Long, LLC
Certified Public Accountants

Lenexa, KS
August 7, 2015

USD #336 HOLTON, KANSAS
Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2015

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds:							
General	\$ 0	\$ 0	\$ 7,354,969	\$ 7,354,969	\$ 0	\$ 0	\$ 0
Supplemental General	36,488	188	2,566,192	2,554,123	48,369		48,369
Special Purpose Funds:							
Vocational Education	0	0	383,949	373,350	10,599	4,300	14,899
Special Education	206,360	0	1,272,850	1,278,983	200,227		200,227
Driver Education	16,925	0	8,435	8,564	16,796		16,796
Food Service	89,304	0	480,325	478,161	91,468		91,468
Capital Outlay	930,001	0	665,860	592,620	1,003,241		1,003,241
Gifts and Grants	1,536	0	2,188	2,416	1,308		1,308
Parent Education	11,300	0	11,300	11,300	11,300		11,300
Professional Development	29,927	0	50,000	22,590	57,337		57,337
Summer School	35,061	0	23,000	27,926	30,135		30,135
Special Education Cooperative	790,573	0	5,233,221	5,428,807	594,987		594,987
KPERS Special Contribution	0	0	1,079,849	1,079,849	0		0
At Risk (K-12)	0	0	787,981	787,981	0		0
District Activity Funds	154,009	0	250,166	270,905	133,270		133,270
Textbook Rental Fund	47,721	0	145,484	58,943	134,262		134,262
Contingency Reserve Fund	600,000	0	0	0	600,000		600,000
Title I	0	0	145,833	145,833	0		0
Migrant	0	0	0	0	0		0
Title VIB	818	0	30,887	26,857	4,848		4,848
Mini-Grants	5,223	0	0	0	5,223		5,223
ACE Program	8,787	51	60,000	62,702	6,034		6,034
Title IIA	0	0	18,859	18,859	0		0
Title IID	0	0	11,410	11,410	0		0
JCCTCC	292	36	500	450	306		306
Carl Perkins Grant	2,431	0	3,674	3,687	2,418		2,418
Fresh Start	38,285	0	397,156	396,804	38,637		38,637
Bond and Interest							
Bond and Interest	83,436	0	866,770	490,373	459,833		459,833
Capital Projects - Elementary Bond	869,989	0	2,106,953	2,626,539	350,403	209,904	560,307
Capital Projects - Construction Account	0	0	21,500,000	21,500,000	0	19,984,539	19,984,539
Total Reporting Entity	\$ 3,958,466	\$ 275	\$ 45,457,811	\$ 45,615,001	\$ 3,801,001	\$ 20,198,743	\$ 23,999,744
Composition of Cash							
							\$ 903,811
							3,545,489
							19,984,539
							24,433,839
							434,095
							\$ 23,999,744

Checking Accounts
Savings Accounts
Certificates of Deposit
Construction account
Total Cash
Agency Funds per Schedule 6
Total Reporting Entity

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – **Summary of Significant Accounting Policies**

Financial Reporting Entity

USD No.336 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.336 (b) organizations for which USD No. 336 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.336 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2015:

Governmental Funds

General Fund – The chief operating fund. Used to account for the resources except those required to be accounted for in another fund.

Special Purpose Funds – Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long term debt) that are intended for specified purposes.

Bond and Interest Funds – Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – Used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major facilities or equipment.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

Agency Funds – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Reimbursed Expenses

Expenditures in the amount of \$ 42,444 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses (Continued)

identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There was budget amendment in the General Fund for the year 2015.

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the district for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special purpose funds:

Title IID Fund	Title IIA Fund
Migrant Fund	Contingency Reserve Fund
District Activity Funds	Title I Fund
Textbook Rental Fund	Mini-Grant Fund
Fresh Start Fund	Title VI B
Carl Perkins Grant	JCCTCC
ACE Program	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had no investments during 2015.

Concentration of Credit Risk

State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2015.

At June 30, 2015, the government's carrying amount of deposits was \$ 4,015,205 and the bank balance was \$ 3,923,777. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 – In-Substance Receipt in Transit

The district received \$ 610,844 subsequent to June 30, 2015 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

NOTE 4 – Defined Benefit Pension Plan

Plan Description – USD No. 336 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the district carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

NOTE 6 – Stewardship, Compliance and Accountability

We noted no violations of Kansas Statutes during the period under examination.

NOTE 7 – Compensated Absences

The District does not reimburse employees for unused vacation time. Employees working less than twelve months per year earn ten days sick leave per year. Full year employees earn twelve days sick leave annually. Classified sick leave is accrued in hours equal to each individual's working day and cannot exceed the equivalent of seventy five of an individual's work days. Each year, the District reimburses employees for accumulated unused sick leave in excess of seventy five days. The District has not accrued compensated absences at June 30, 2015.

NOTE 8 – Interfund Transactions

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Food Service Fund	K.S.A. 72-6428	7,160
General Fund	Capital Outlay Fund	K.S.A. 72-6428	135,810
General Fund	Special Education Fund	K.S.A. 72-6428	1,221,864
General Fund	Vocational Education Fund	K.S.A. 72-6428	375,754
General Fund	At Risk Fund	K.S.A. 72-6428	787,981
General Fund	Textbook Fund	K.S.A. 72-6428	1,203
Supplemental General Fund	Parent Education Fund	K.S.A. 72-6428	11,300
Supplemental General Fund	Professional Dev. Fund	K.S.A. 72-6425	50,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6425	50,000
Supplemental General Fund	Summer School Fund	K.S.A. 72-6426	23,000
Supplemental General Fund	Textbook Fund	K.S.A. 72-6427	100,000

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 10 – Contingency

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

NOTE 11 – Subsequent Events

Subsequent events for management's review have been evaluated through August 7, 2015. The date in the prior sentence is the date the financial statements were available to be issued.

NOTE 12 – Capital Projects

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Expenditures To Date</u>	<u>Project Authorization</u>
School Buildings	\$ 2,440,946	\$ 21,500,000

USD #336 HOLTON, KS
Statement of Changes in Long-Term Debt
For the Year Ended June, 30, 2015

Note 13 - Long Term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2015 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
2012 Issue	2.0-3.5%	4/1/12	\$ 1,720,000	4/1/22	\$ 1,410,000	\$ 0	\$ 160,000	\$ (160,000)	\$ 1,250,000	\$ 42,800
2013 Issue	.95-2.875%	5/1/13	560,000	4/1/23	515,000	0	55,000	(55,000)	460,000	10,840
2014 Issue	.95-2.875%	8/27/14	21,500,000	4/1/23	0	21,500,000	0	21,500,000	21,500,000	490,373
Capital Leases										
Computer Hardware Lease	1.90%	7/5/11	412,783	7/5/14	104,149		104,149	(104,149)	0	1,979
Total Long Term Debt					<u>\$ 2,029,149</u>	<u>\$ 21,500,000</u>	<u>\$ 319,149</u>	<u>\$ 21,180,851</u>	<u>\$ 23,210,000</u>	<u>\$ 545,992</u>
Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:										
	2016	2017	2018	2019	2020	2021-2025	2026-2030	2031-2035	2036-2039	Totals
Principal										
General Obligation Bonds	\$ 730,000	\$ 750,000	\$ 765,000	\$ 785,000	\$ 815,000	\$ 3,745,000	\$ 4,005,000	\$ 5,110,000	\$ 6,505,000	\$ 23,210,000
Special Assessment Bonds										0
Certificates of Participation										0
Capital Leases										0
Revenue Bonds										0
No-Fund Warrants										0
Temporary Notes										0
Total Principal	<u>730,000</u>	<u>750,000</u>	<u>765,000</u>	<u>785,000</u>	<u>815,000</u>	<u>3,745,000</u>	<u>4,005,000</u>	<u>5,110,000</u>	<u>6,505,000</u>	<u>23,210,000</u>
Interest										
General Obligation Bonds	1,004,106	989,636	973,070	953,309	929,041	4,179,421	3,284,625	2,150,750	731,700	15,195,658
Special Assessment Bonds										0
Certificates of Participation										0
Capital Leases										0
Revenue Bonds										0
No-Fund Warrants										0
Temporary Notes										0
Total Interest	<u>1,004,106</u>	<u>989,636</u>	<u>973,070</u>	<u>953,309</u>	<u>929,041</u>	<u>4,179,421</u>	<u>3,284,625</u>	<u>2,150,750</u>	<u>731,700</u>	<u>15,195,658</u>
Total Principal and Interest	<u>\$ 1,734,106</u>	<u>\$ 1,739,636</u>	<u>\$ 1,738,070</u>	<u>\$ 1,738,309</u>	<u>\$ 1,744,041</u>	<u>\$ 7,924,421</u>	<u>\$ 7,289,625</u>	<u>\$ 7,260,750</u>	<u>\$ 7,236,700</u>	<u>\$ 38,405,658</u>

Unified School District No. 336, Holton, Kansas

Regulatory-Required

Supplementary Information

For the year ended June 30, 2015

USD #336 HOLTON, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2015

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General Funds						
General	\$ 7,521,800	\$ (209,275)	\$ 42,444	\$ 7,354,969	\$ 7,354,969	\$ 0
Supplemental General	2,576,549	(22,426)	0	2,554,123	2,554,123	0
Special Purpose Funds						
Vocational Education	378,706	0	0	378,706	373,350	(5,356)
Special Education	1,330,407	0	0	1,330,407	1,278,983	(51,424)
Driver Training	11,984	0	0	11,984	8,564	(3,420)
Food Service	503,916	0	0	503,916	478,161	(25,755)
Capital Outlay	1,921,391	0	0	1,921,391	592,620	(1,328,771)
Gifts and Grants	1,000	0	0	1,000	2,416	1,416
Parent Education	11,300	0	0	11,300	11,300	0
Professional Development	27,765	0	0	27,765	22,590	(5,175)
Summer School	30,316	0	0	30,316	27,926	(2,390)
Special Education Cooperative	6,151,919	0	0	6,151,919	5,428,807	(723,112)
KPERS Special Contribution	1,227,498	0	0	1,227,498	1,079,849	(147,649)
At-Risk Fund	867,533	0	0	867,533	787,981	(79,552)
Bilingual Education Fund	14,000	0	0	14,000	0	(14,000)
Bond and Interest Funds						
Bond and Interest	490,373	0	0	490,373	490,373	0

USD #336 HOLTON, KS
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	7,312,525	7,521,800	(209,275)
Charges for services			0
Interest income			0
Miscellaneous revenues	42,444		42,444
Operating transfers			0
	<u>7,354,969</u>	<u>7,521,800</u>	<u>(166,831)</u>
EXPENDITURES			
Instruction	2,751,002	2,549,412	201,590
Student support services	263,879	257,353	6,526
Instruction support staff	286,580	291,192	(4,612)
General administration	101,973	133,339	(31,366)
School administration	536,302	524,789	11,513
Operations and maintenance	462,088	413,065	49,023
Student transportation services	333,344	332,394	950
Central support services			0
Other support services	90,029	92,239	(2,210)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	2,529,772	2,928,017	(398,245)
Adjustment to comply with legal max		(209,275)	209,275
Adjustment for qualifying budget credits		42,444	(42,444)
	<u>7,354,969</u>	<u>\$ 7,354,969</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

USD #336 HOLTON, KS
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 676,198	\$ 692,075	\$ (15,877)
Delinquent tax	24,670	15,793	8,877
Motor vehicle tax	157,794	141,845	15,949
RV tax	2,019	2,001	18
Mineral production tax			0
Federal grants			0
State aid/grants	1,705,511	1,773,696	(68,185)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>2,566,192</u>	<u>2,625,410</u>	<u>(59,218)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	1,629,096	1,634,167	(5,071)
Student support services	1,854	10,476	(8,622)
Instruction support staff	29,368	45,648	(16,280)
General administration	387	12,737	(12,350)
School administration	51,535	59,137	(7,602)
Operations and maintenance	583,723	709,264	(125,541)
Student transportation services	23,860	26,820	(2,960)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	234,300	78,300	156,000
Adjustment to comply with			
legal max		(22,426)	22,426
Adjustment for qualifying			
budget credits			0
	<u>2,554,123</u>	<u>\$ 2,554,123</u>	<u>\$ 0</u>
Total Expenditures			
Receipts Over (Under) Expenditures	12,069		
Unencumbered Cash, Beginning	36,488		
Prior Year Cancelled Encumbrances	188		
	<u>48,745</u>		
Unencumbered Cash, Ending	\$ 48,745		

USD #336 HOLTON, KS
VOCATIONAL EDUCATION FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	8,195	16,662	(8,467)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>375,754</u>	<u>362,044</u>	<u>13,710</u>
Total Cash Receipts	<u>383,949</u>	<u>378,706</u>	<u>5,243</u>
EXPENDITURES			
Instruction	373,350	378,706	(5,356)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>373,350</u>	<u>\$ 378,706</u>	<u>\$ (5,356)</u>
Receipts Over (Under) Expenditures	10,599		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 10,599</u>		

USD #336 HOLTON, KS
SPECIAL EDUCATION FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	986		986
Operating transfers	<u>1,271,864</u>	<u>1,124,048</u>	<u>147,816</u>
Total Cash Receipts	<u>1,272,850</u>	<u>1,124,048</u>	<u>148,802</u>
EXPENDITURES			
Instruction	1,222,850	1,275,591	(52,741)
Student support services		2,420	(2,420)
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	56,133	52,396	3,737
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,278,983</u>	<u>\$ 1,330,407</u>	<u>\$ (51,424)</u>
Receipts Over (Under) Expenditures	(6,133)		
Unencumbered Cash, Beginning	206,360		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 200,227</u>		

USD #336 HOLTON, KS
 DRIVER TRAINING FUND
 Schedule of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	3,720	3,400	320
Charges for services	4,715	4,630	85
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>8,435</u>	<u>8,030</u>	<u>405</u>
EXPENDITURES			
Instruction	7,894	11,077	(3,183)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	670	907	(237)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>8,564</u>	<u>\$ 11,984</u>	<u>\$ (3,420)</u>
Receipts Over (Under) Expenditures	(129)		
Unencumbered Cash, Beginning	16,925		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 16,796</u>		

USD #336 HOLTON, KS
 FOOD SERVICE FUND
 Schedule of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	281,287	275,784	5,503
State aid/grants	5,646	5,215	431
Charges for services	186,232	167,588	18,644
Interest income			0
Miscellaneous revenues			0
Operating transfers	7,160	15,000	(7,840)
Total Cash Receipts	<u>480,325</u>	<u>463,587</u>	<u>16,738</u>
EXPENDITURES			
Instruction	500		500
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	680	1,265	(585)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	476,981	502,651	(25,670)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>478,161</u>	<u>\$ 503,916</u>	<u>\$ (25,755)</u>
Receipts Over (Under) Expenditures	2,164		
Unencumbered Cash, Beginning	89,304		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 91,468</u>		

USD #336 HOLTON, KS
 CAPITAL OUTLAY FUND
 Schedule of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 334,054	\$ 308,110	\$ 25,944
Delinquent tax	4,885	3,284	1,601
Motor vehicle tax	32,757	29,472	3,285
RV tax	453	415	38
Mineral production tax			0
Federal grants			0
State aid/grants	135,130	186,466	(51,336)
Charges for services			0
Interest income	12,725	14,292	(1,567)
Miscellaneous revenues	10,046	10,155	(109)
Operating transfers	135,810	517,878	(382,068)
Total Cash Receipts	665,860	1,070,072	(404,212)
EXPENDITURES			
Instruction	25,370	100,000	(74,630)
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	160,819	500,000	(339,181)
Student transportation services		200,000	(200,000)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	406,431	1,121,391	(714,960)
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	592,620	\$ 1,921,391	\$ (1,328,771)
Receipts Over (Under) Expenditures	73,240		
Unencumbered Cash, Beginning	930,001		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 1,003,241		

USD #336 HOLTON, KS
 GIFTS AND GRANTS FUND
 Schedule of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	2,188		2,188
Operating transfers			0
	<u>2,188</u>	<u>0</u>	<u>2,188</u>
EXPENDITURES			
Instruction	2,416	1,000	1,416
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>2,416</u>	<u>\$ 1,000</u>	<u>\$ 1,416</u>
Total Expenditures	<u>2,416</u>	<u>\$ 1,000</u>	<u>\$ 1,416</u>
Receipts Over (Under) Expenditures	(228)		
Unencumbered Cash, Beginning	1,536		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,308</u>		
NOTE: Not a Budget violation per Kansas Statutes			

USD #336 HOLTON, KS
PARENT EDUCATION FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>11,300</u>	<u>11,300</u>	<u>0</u>
Total Cash Receipts	<u>11,300</u>	<u>11,300</u>	<u>0</u>
EXPENDITURES			
Instruction			0
Student support services	11,300	11,300	0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>11,300</u>	<u>\$ 11,300</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	11,300		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 11,300</u>		

USD #336 HOLTON, KS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>50,000</u>	<u>22,803</u>	<u>27,197</u>
Total Cash Receipts	<u>50,000</u>	<u>22,803</u>	<u>27,197</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff	22,590	27,765	(5,175)
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>22,590</u>	<u>\$ 27,765</u>	<u>\$ (5,175)</u>
Receipts Over (Under) Expenditures	27,410		
Unencumbered Cash, Beginning	29,927		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 57,337</u>		

USD #336 HOLTON, KS
 SUMMER SCHOOL FUND
 Schedule of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	23,000	29,316	(6,316)
Total Cash Receipts	23,000	29,316	(6,316)
EXPENDITURES			
Instruction	27,926	30,316	(2,390)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	27,926	\$ 30,316	\$ (2,390)
Receipts Over (Under) Expenditures	(4,926)		
Unencumbered Cash, Beginning	35,061		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 30,135		

USD #336 HOLTON, KS
SPECIAL EDUCATION COOPERATIVE
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	802,678	947,420	(144,742)
State aid/grants			0
Charges for services	4,427,089	4,410,037	17,052
Interest income			0
Miscellaneous revenues	3,454	3,890	(436)
Operating transfers			0
 Total Cash Receipts	 <u>5,233,221</u>	 <u>5,361,347</u>	 <u>(128,126)</u>
EXPENDITURES			
Instruction	4,997,402	5,126,420	(129,018)
Student support services	35,632	568,499	(532,867)
Instruction support staff			0
General administration	230,221	335,500	(105,279)
School administration			0
Operations and maintenance	54,931	46,500	8,431
Student transportation services	54,037	75,000	(20,963)
Community support services			0
Other support services	56,584		56,584
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
 Total Expenditures	 <u>5,428,807</u>	 <u>\$ 6,151,919</u>	 <u>\$ (723,112)</u>
 Receipts Over (Under) Expenditures	 (195,586)		
Unencumbered Cash, Beginning	790,573		
Prior Year Cancelled Encumbrances	<u>0</u>		
 Unencumbered Cash, Ending	 <u>\$ 594,987</u>		

USD #336 HOLTON, KS
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
 Schedule of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	1,079,849	1,227,498	(147,649)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>1,079,849</u>	<u>1,227,498</u>	<u>(147,649)</u>
EXPENDITURES			
Instruction	853,083	969,723	(116,640)
Student support services	21,597	24,550	(2,953)
Instruction support staff	32,395	36,825	(4,430)
General administration	43,194	49,100	(5,906)
School administration	53,992	61,375	(7,383)
Operations and maintenance	32,395	36,825	(4,430)
Student transportation services	21,597	24,550	(2,953)
Central support services			0
Other support services	10,798	12,275	(1,477)
Food service operations	10,798	12,275	(1,477)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,079,849</u>	<u>\$ 1,227,498</u>	<u>\$ (147,649)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

USD #336 HOLTON, KS
 AT RISK FUND (K-12)
 Schedule of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants		8,154	(8,154)
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	787,981	859,379	(71,398)
Total Cash Receipts	787,981	867,533	(79,552)
EXPENDITURES			
Instruction	782,695	863,451	(80,756)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	5,286	4,082	1,204
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	787,981	\$ 867,533	\$ (79,552)
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 0		

USD #336 HOLTON, KS
 BILINGUAL EDUCATION
 Schedule of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers		14,000	(14,000)
Total Cash Receipts	0	14,000	(14,000)
EXPENDITURES			
Instruction		14,000	(14,000)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	0	\$ 14,000	\$ (14,000)
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 0		

USD #336 HOLTON, KS
 BOND AND INTEREST FUND
 Schedule of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2015

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 575,207	\$ 533,987	\$ 41,220
Delinquent tax	726		726
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	290,837	269,705	21,132
Charges for services			0
Interest income			0
Miscellaneous revenues		600,000	(600,000)
Operating transfers			0
Total Cash Receipts	<u>866,770</u>	<u>1,403,692</u>	<u>(536,922)</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	490,373	490,373	0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>490,373</u>	<u>\$ 490,373</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	376,397		
Unencumbered Cash, Beginning	83,436		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 459,833</u>		

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2015

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			145,833
State aid/grants			
Charges for services	44,281		
Interest income			
Miscellaneous revenues			
Operating transfers	<u>101,203</u>		
 Total Cash Receipts	 <u>145,484</u>	 <u>0</u>	 <u>145,833</u>
 EXPENDITURES			
Instruction	48,445		139,103
Student support services			
Instruction support staff	10,498		6,730
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
 Total Expenditures	 <u>58,943</u>	 <u>0</u>	 <u>145,833</u>
 Receipts Over (Under) Expenditures	 86,541	 0	 0
Unencumbered Cash, Beginning	47,721	600,000	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 134,262</u>	 <u>\$ 600,000</u>	 <u>\$ 0</u>

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2015

	<u>Migrant</u>	<u>Title VIB</u>	<u>Mini-Grants</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants		30,887	
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>0</u>	<u>30,887</u>	<u>0</u>
EXPENDITURES			
Instruction		20,855	
Student support services			
Instruction support staff			
General administration		6,002	
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>0</u>	<u>26,857</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	4,030	0
Unencumbered Cash, Beginning	0	818	5,223
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>4,848</u>	\$ <u>5,223</u>

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2015

	ACE <u>Grant Program</u>	<u>Title IIA</u>	<u>Title IID</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants	60,000	18,859	11,410
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u> </u>	<u> </u>	<u> </u>
Total Cash Receipts	<u>60,000</u>	<u>18,859</u>	<u>11,410</u>
EXPENDITURES			
Instruction	57,041	6,757	
Student support services	5,632		
Instruction support staff		12,102	11,410
General administration			
School administration			
Operations and maintenance			
Student transportation services	29		
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>62,702</u>	<u>18,859</u>	<u>11,410</u>
Receipts Over (Under) Expenditures	(2,702)	0	0
Unencumbered Cash, Beginning	8,787	0	0
Prior Year Cancelled Encumbrances	<u>51</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>6,136</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2015

	JCCTCC Grant	Carl Perkins Grant	Fresh Start
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants		3,674	
State aid/grants			
Charges for services			397,156
Interest income			
Miscellaneous revenues	500		
Operating transfers			
Total Cash Receipts	<u>500</u>	<u>3,674</u>	<u>397,156</u>
EXPENDITURES			
Instruction	450	3,687	219,406
Student support services			40,000
Instruction support staff			
General administration			
School administration			74,677
Operations and maintenance			31,374
Student transportation services			
Central support services			
Other support services			31,347
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
Total Expenditures	<u>450</u>	<u>3,687</u>	<u>396,804</u>
Receipts Over (Under) Expenditures	50	(13)	352
Unencumbered Cash, Beginning	292	2,431	38,285
Prior Year Cancelled Encumbrances	<u>36</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 378</u>	<u>\$ 2,418</u>	<u>\$ 38,637</u>

USD #336 HOLTON, KS
DISTRICT ACTIVITY FUNDS
Schedule of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2015

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Middle school							
Athletics	\$ 1,647		\$ 17,244	\$ 14,915	\$ 3,976	\$ -	\$ 3,976
Volleyball	10		119	119	10		10
Concessions	812		1,739	1,819	732		732
High School							
Athletics	18,169		72,179	73,729	16,619		16,619
Boys Baseball	-		-	-	-		-
Boys Basketball	1,829		556	900	1,485		1,485
Girls Basketball	183		1,936	1,781	338		338
Track	37				37		37
Volleyball	376		1,788	1,704	460		460
Wrestling	108		-	-	108		108
Golf	-		-	-	-		-
Cross Country	584				584		584
Softball	466		4,105	4,286	285		285
Subtotal Gate Receipts	24,221	-	99,666	99,253	24,634	-	24,634
School Projects							
Colorado School							
General	5,270		12,511	9,784	7,997		7,997
PTO	-				-		-
Central Elementary							
General	9,968		7,284	6,729	10,523		10,523
Owls Garden Fund	768				768		768
Optimist Donation	550				550		550
Book Fair	1,211				1,211		1,211
Middle School							
Faculty	1,138		1,289	2,220	207		207
Library	395		48	130	313		313
School Fund	1,654		6,604	6,385	1,873		1,873
Petty Cash and Sales tax	2,000		400	2,400	-		-
Yearbooks	-		1,181	976	205		205
Pictures	-		130	-	130		130
Awards	1,262		3,348	4,320	290		290
High School							
Concessions	6,279		30,469	27,570	9,178		9,178
Program ads	4,061		5,925	5,574	4,412		4,412
Drivers Ed Fees	-		4,715	4,715	-		-
Holtonian	267		5,750	4,700	1,317		1,317
JCYC	350		951	1,336	(35)		(35)
Football stadium	37,633		6,969	38,590	6,012		6,012
Activity fees	45			45	-		-
Touchdown club	1,468		-	471	997		997
Laptop Insurance	3,920		17,391	16,166	5,145		5,145
Lift A Thon	2,562		1,180	2,470	1,272		1,272
PE Grant	3,239		1,517	1,774	2,982		2,982
School Fund	8,797		6,244	8,106	6,935		6,935
Supplies	19,135		9,902	3,202	25,835		25,835
Wall Picture	2,424				2,424		2,424
Yearbook	522		17,077	16,324	1,275		1,275
Orders/Testing	3,598		2,600	2,168	4,030		4,030
School to Work	502		-	198	304		304
IHT	1,728		1,294	175	2,847		2,847
Staff Grants	200		647	203	644		644
Character Program	5,325		-	-	5,325		5,325
Patio pavers	1,976		-	-	1,976		1,976
AG Metal	507		1,770	2,051	226		226
Greenhouse	1,034		3,304	2,870	1,468		1,468
Subtotal School Projects	129,788	-	150,500	171,652	108,636	-	108,636
Total District Activity Funds	<u>\$ 154,009</u>	<u>\$ -</u>	<u>\$ 250,166</u>	<u>\$ 270,905</u>	<u>\$ 133,270</u>	<u>\$ -</u>	<u>\$ 133,270</u>

USD# 336 HOLTON, KS
 AGENCY FUNDS
 Statement of Cash Receipts and Cash Disbursements
 For the Year Ended June 30, 2015

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll liabilities	\$ 269,198	\$ 116,986	\$ -	\$ 386,184
High School				
Art	1,111	2,020	2,876	255
Band	2,417	9,595	8,230	3,782
Constitution Club	150		57	93
Drama	3,011	1,462	294	4,179
FFA	2,067	32,856	32,665	2,258
FFA Convention	265	0	15	250
FCCLA Club	1,390	1,473	1,969	894
FACS Fees	2,327	1,607	499	3,435
Kayettes	834	1,127	568	1,393
KLASS	909	149	141	917
National Honor Society	276	40	94	222
Spirit Club	5,717	10,988	10,277	6,428
SADD	676	1,202	1,391	487
Sales Tax	0	9,250	9,250	0
Student Council	1,390	2,688	2,203	1,875
Vocal Music	4,580	56,251	56,609	4,222
Vocational Agriculture	291	1,210	289	1,212
FCA Club	910	594	689	815
Summer weights	0	2,070	2,070	0
Class of 2016	3,070	2,747	3,905	1,912
Class of 2017	1,906	1,925		3,831
Class of 2018	0	1,465		1,465
Class of 2010	96			96
Class of 2011	682			682
Class of 2013	588		588	0
Class of 2014	181		36	145
Class of 2015	1,151	207	1,238	120
Lettercats	3,971		678	3,293
FBLA Club	586	1,434	402	1,618
Spanish Club	407	0	0	407
Middle School				
Student Council	560	993	1,143	410
Technology	40	2,120	2,947	(787)
Kays	603	4,069	4,077	595
Music	112	485	112	485
Cookie dough	840	19,990	20,242	588
FCA	367	815	848	334
Total	<u>\$ 312,679</u>	<u>\$ 287,818</u>	<u>\$ 166,402</u>	<u>\$ 434,095</u>

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Karlin & Long, LLC
Certified Public Accountants

Board of Education
Unified School District No. 336
Holton, Kansas 66436

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the Kansas Municipal Auditing and Accounting Guide and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Unified School District No. 336 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which comprise Unified School District No. 336's basic financial statements, and have issued our report thereon dated September 9, 2015. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Unified School District No. 336, Holton, Kansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 336, Holton, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 336, Holton, Kansas' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material*

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weakness is a, deficiency, or a combination of deficiencies, in internal control, Such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2015-001)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 336's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Karlin & Long, LLC". The signature is written in a cursive, flowing style.

Karlin & Long, LLC
Certified Public Accountants

August 7, 2015

...KL...

Karlin & Long, LLC
Certified Public Accountants

Board of Education
Unified School District No. 336
Holton, Kansas 66436

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 336, Holton, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 336, Holton, Kansas' major federal programs for the year ended June 30, 2015. Unified School District No. 336, Holton, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Unified School District No. 336, Holton, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Kansas Municipal Audit and Accounting Guide the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 336, Holton, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Unified School District No. 336, Holton, Kansas' compliance.

Opinion on Each Major Federal Program

In our opinion, Unified School District No. 336, Holton, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Unified School District No. 336, Holton, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Unified School District No. 336, Holton, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 336, Holton, Kansas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing

based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Karlin & Long, LLC". The signature is written in a cursive, flowing style.

Karlin & Long, LLC
Certified Public Accountants

August 7, 2015

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/> U.S. Department of Education <hr/>			
Passed through State Department of Education:			
Title I	84.010	*	\$ 145,833
State Grants (Part B Education Act)	84.027	*	800,613
Early Childhood Aid	84.173	*	32,952
Title IV	84.287	*	60,000
Title II - Teacher Quality	84.367	*	30,269
<hr/> U.S. Department of Agriculture <hr/>			
Passed through State Department of Education:			
School Breakfast Program	10.553	*	61,056
National School Lunch Program	10.555	*	220,231
Direct Certification	10.579	*	1,000
<hr/> U.S. Department of Health and Human Services <hr/>			
Passed through State Department of Education:			
Youth Risk Behavior Survey	93.079	*	<u>100</u>
Total Federal Assistance			<u><u>\$ 1,352,054</u></u>

* Not available

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2015

A. Summary of Audit Results

1. The auditor's report expresses an Adverse Opinion on the financial statements of Unified School District #336 in accordance with Generally Accepted Accounting Principles. The auditor's report expresses an Unqualified Opinion on the financial statements in accordance with the regulatory basis.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Unified School District No. 336 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Unified School District No. 336 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Unified School District No. 336 are reported in this schedule.
6. The programs tested as major programs included:
Department of Education
Title I, Early Childhood Education CFDA No. 84.027
7. Unified School District No. 336 was not determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit
Department of Education
Title I, Early Childhood Education CFDA No. 84.027

No findings of noncompliance or questioned costs were noted.

UNFIED SCHOOL DISTRICT NO. 336
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

2015-001 Financial Reporting

Criteria – All school districts are required to prepare financial statements in accordance with the basis of accounting adopted. This is a responsibility of the District's management. The preparation of financial statements requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including note disclosures (i.e., external financial reporting).

Condition – As in the case with many smaller and medium sized entities, the District has historically relied on its independent external auditors to assist in the preparation of the government-wide fund and fund financial statements, including note disclosures, as part of the external financial reporting process. Accordingly, the District's ability to prepare financial statements is based, in part, on its external auditors, who cannot by definition be considered a part of the District's internal controls financial reporting.

Cause – Management has made the decision that it is in their best interest to outsource the preparation of its annual financial statements to the external auditors rather than incur the time and expense of obtaining the necessary training and expertise require for the district to perform this task internally.

Effect of Condition – As a result of this condition, the District lacks internal controls over the preparation of financial statements, including note disclosures, in accordance with the basis of accounting adopted, and instead relies, in part, on its external auditors for assistance with this task.

Recommendation – we recognize that the district may not have the resources to have an accounting personnel to prepare government – wide and fund financial statements, including note disclosures, in conformity with the adopted basis of accounting. However, we recommend that management continue to increase their knowledge of financial reporting.

View of Responsible Officials – The District has evaluated the benefit of establishing internal controls over the preparation of financial statements, including note disclosures, and determined that it is their best of the District to outsource this task to its external auditors, and to carefully review the draft financial statements, including note disclosures, prior to approving them and accepting responsibility for their content and preservation.

Management's Response (Unaudited) – The district believes that outsourcing the financial statement presentation is acceptable in the circumstances.

UNFIED SCHOOL DISTRICT NO. 336
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

2014-001 Prior Financial Statement Finding

Criteria – All school districts are required to prepare financial statements in accordance with the basis of accounting adopted. This is a responsibility of the District's management. The preparation of financial statements requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including note disclosures (i.e., external financial reporting).

Condition – As in the case with many smaller and medium sized entities, the District has historically relied on its independent external auditors to assist in the preparation of the government-wide fund and fund financial statements, including note disclosures, as part of the external financial reporting process. Accordingly, the District's ability to prepare financial statements is based, in part, on its external auditors, who cannot by definition be considered a part of the District's internal controls financial reporting.

Cause – Management has made the decision that it is in their best interest to outsource the preparation of its annual financial statements to the external auditors rather than incur the time and expense of obtaining the necessary training and expertise require for the district to perform this task internally.

Effect of Condition – As a result of this condition, the District lacks internal controls over the preparation of financial statements, including note disclosures, in accordance with the basis of accounting adopted, and instead relies, in part, on its external auditors for assistance with this task.

Recommendation – we recognize that the district may not have the resources to have an accounting personnel to prepare government – wide and fund financial statements, including note disclosures, in conformity with the adopted basis of accounting. However, we recommend that management continue to increase their knowledge of financial reporting.

View of Responsible Officials – The District has evaluated the benefit of establishing internal controls over the preparation of financial statements, including note disclosures, and determined that it is their best of the District to outsource this task to its external auditors, and to carefully review the draft financial statements, including note disclosures, prior to approving them and accepting responsibility for their content and preservation.

Management's Response (Unaudited) – The District believes that outsourcing the financial statement presentation is acceptable in the circumstances.

Resolution – Conditions continue for the current year for the preparation of the financial statements

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

NOTE 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 336 Holton, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Statutory Basis of Accounting – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 336 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

Departure from Generally Accepted Accounting Principles – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

NOTE 1 – Basis of Accounting (continued)

Departure from Generally Accepted Account Principles (ctd.) - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

NOTE 2 – Pass-Through Awards

Unified School District No. 336 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE 3 – Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Title I Early Education Grant Program has been determined by the independent auditor to be a major program.

NOTE 4 – Contingencies

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.